

MULTIMEDIA



UNIVERSITY

STUDENT ID NO

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# MULTIMEDIA UNIVERSITY

## FINAL EXAMINATION

TRIMESTER 2, 2016 /2017

### BGM 2054 – GLOBAL MANAGEMENT

(All sections / Groups)

27 FEBRUARY 2017

2:30 p.m. - 4.30 p.m.

(2 Hours)

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#### INSTRUCTIONS TO STUDENTS

1. This question paper consists of **TWO** parts and **7** pages (excluding of the cover page).
2. Please answer **ALL** questions.
  - **Part A** contains multiple choice questions (40 marks). Shade the most appropriate response on the multiple-choice answer sheet.
  - **Part B** contains short answer questions and essay questions (60 marks). Write your answers in the Answer Booklet provided.
3. The total marks for this paper is 100 marks.

**PART A: MULTIPLE CHOICE (40 marks)**

Part A is to be answered on the multiple-choice answer sheet. Read each question below carefully and then indicate the most appropriate response on the multiple-choice answer sheet. (2 marks for each correct answer, for a total of 40 marks)

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1. The term "emerging economy/market" is also known as :
  - A. fast growing economy/market
  - B. developing economy/market
  - C. undeveloped economy/market
  - D. third world economy/market
  
2. \_\_\_\_\_ is characterized by the "invisible hand" of market.
  - A. A pure market economy
  - B. A mixed economy
  - C. A pure command economy
  - D. A realistic economy
  
3. Any commercial transaction that crosses the borders of two or more nations is known as \_\_\_\_\_.
  - A. domestic marketing
  - B. market segmentation
  - C. international business
  - D. global manufacturing
  
4. Which of the following is a classical theory?
  - A. Product life cycle
  - B. National competitive advantage
  - C. Strategic trade
  - D. Absolute advantage
  
5. \_\_\_\_\_ says that nations should accumulate financial wealth, usually in the form of gold, by encouraging exports and discouraging imports.
  - A. Absolute advantage theory
  - B. Factor proportions theory
  - C. Mercantilism
  - D. Communism

Continued ...

6. \_\_\_\_\_ is an individual's ability to understand and adjust to new cultures.
- A. Cultural intelligence
  - B. Cultural awareness
  - C. Cultural skills
  - D. Cultural responsibility
7. Which of the following is an example of a greenfield investment?
- A. An agricultural business acquisition in South-east Asia's former agricultural region.
  - B. The construction of an entirely new steel manufacturing subsidiary overseas.
  - C. A merger between a U.S. and a non-U.S. company
  - D. The purchase of an existing business that is still in its infancy
8. According to the international product life cycle theory, in which stage of a product's life cycle does a company directly invest in production facilities in countries where demand is great enough to warrant production facilities?
- A. new product stage
  - B. maturing product stage
  - C. standardized product stage
  - D. declining product stage
9. \_\_\_\_\_ are rules stipulating that a certain proportion of the value of the goods made in one country must originate from that country.
- A. Voluntary export restraints
  - B. Local content requirements
  - C. Quota
  - D. Tariff
10. Antitrust policy is designed to combat:
- A. Dumping
  - B. Predatory pricing
  - C. Price leaders
  - D. Monopolies

Continued ...

11. Companies wishing to export must first choose between:
- A. exporting directly and using sales companies
  - B. exporting indirectly and using joint ventures.
  - C. exporting directly and exporting indirectly
  - D. exporting directly and licensing.
12. An exporter needs to weigh the costs and benefits derived from the \_\_\_\_\_ when shipping their products to international markets in which taxes, the international insurance and freight costs can be either borne by the importer or the exporter.
- A. spot rate
  - B. forward rate
  - C. incoterms
  - D. licensing
13. When a country's currency is weak, the price of its \_\_\_\_\_ .
- A. exports and imports on world markets decline
  - B. exports and imports on world markets increase
  - C. exports on world markets declines and the price of its imports increase
  - D. exports on world markets increases and the price of its imports decline
14. Which of the following is the intentional lowering of a currency's value by its government?
- A. revaluation
  - B. devaluation
  - C. currency hedging
  - D. currency arbitrage
15. To cool off an inflationary economy, a government might \_\_\_\_\_ .
- A. lower interest rates
  - B. raise interest rates
  - C. lower foreign exchange rates
  - D. raise foreign exchange rates

Continued ...

16. Country X advocates the greatest level of integration possible for the member nations of the Appleland Union. Which of the following is Country X most likely support?
- A. political union
  - B. free trade area
  - C. customs union
  - D. economic union
17. The main difference between a free trade area and a customs union is that the members of a customs union \_\_\_\_\_.
- A. agree to the free movement of all factors of production
  - B. harmonize their tax, monetary, and fiscal policies and create a common currency
  - C. agree to treat trade with all nonmember nations in a similar manner
  - D. accept a common stance on economic and political policies regarding non-member nations
18. Which of the following statements is true of NAFTA?
- A. It introduced a common currency for trade between the U.S., Mexico and Canada.
  - B. It overrode the local content requirements and rules of origin for products manufactured in the member nations.
  - C. It eliminated all tariffs and nontariff trade barriers on goods originating from within North America.
  - D. It called for stringent rules regarding government procurement practices and the imposition of countervailing duties.

Question 19 is based on the following scenario:

**Scenario: Beanstalk International**

Beanstalk International is a rapidly growing company with well-established subsidiaries in several nations. The company wants to follow a strategy of adapting its products and marketing activities in each national market to suit local preferences. This strategy aims at creating value for its customers.

Continued ...

19. Which of the following should managers at Beanstalk conduct to identify and distinguish between the primary and support activities in the organization?
- A. Fundamental analysis
  - B. Structural analysis
  - C. Value chain analysis
  - D. Technical analysis
20. What is known as the set of firms that facilitate the movement of goods from producers to consumers?
- A. Supply chain
  - B. Product chain
  - C. Distribution channel
  - D. Marketing mix

**SECTION B (60 marks): Answer ALL questions. Write your answers in the answer booklet provided.**

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**Question 1 (20 marks)**

- a. Although Gross Domestic Product (GDP) and Gross National Product (GNP) are the most popular indicators of economic development, they have several drawbacks. List four (4) reasons why a nation's transaction does not get counted in either GDP or GNP. (8 marks)
- b. Elaborate four (4) reasons why firms internationalise. (12 marks)

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**Question 2 (20 marks)**

- a. Hofstede's framework provides guidelines for global managers to understand cultural differences within a few cultural dimensions. Elaborate any three (3) dimensions in the framework.

(12 marks)

b.

- i) Define what is meant by the term organization structure.

(2 marks)

- ii) Compare two (2) characteristics of the following organizational structures that commonly practiced by vast majority of international firms namely:

- international division structure
- international area structure
- global product structure

Please complete the table below in your answer booklet by indicating the name of the characteristics that you differentiate.

(6 marks)

Organisational Structure	Characteristic 1	Characteristic 2
i) international division structure		
ii) international area structure		
iii) global product structure		

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**Question 3 (20 marks)**

Explain four (4) issues of concern by the Human Resource managers in dealing with international human resource management.

(20 marks)

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